

**MEETING NO. 4219
JOURNAL OF PROCEEDINGS
BOARD OF TRUSTEES OF THE GENERAL RETIREMENT SYSTEM
OF THE CITY OF DETROIT
HELD WEDNESDAY, OCTOBER 03, 2018**

10:00 A.M.

**RETIREMENT SYSTEMS CONFERENCE ROOM
ALLOY CENTER, 500 WOODWARD AVENUE; SUITE 3000
DETROIT, MICHIGAN 48226**

TRUSTEES PRESENT

Wendell Anthony	Trustee
Scott Benson	Ex-Officio Trustee/City Council Member
Lori Cetlinski	Trustee/ Vice- Chairperson
Tasha L. Cowan	Trustee
Kimberly Hall-Wagner	Trustee
Christa Mclellan	Ex-Officio Trustee/City Treasurer
John Naglick	Ex-Officio Trustee/Finance Director
June Nickleberry	Trustee/Chairperson
Crystal Perkins	Trustee
Thomas Sheehan	Trustee

TRUSTEES EXCUSED

None

TRUSTEES ABSENT

None

ALSO PRESENT

David Cetlinski	Executive Director
Gail A. Oxendine	Assistant Executive Director
Michael VanOverbeke	General Counsel
TaKneisha Johnson	Administrative Assistant IV

STAFF EXCUSED

Ryan Bigelow	Chief Investment Officer
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CHAIRPERSON

June Nickleberry

The Board's Administrative Assistant took a verbal Roll Call at 10:07 a.m. and Chairperson Nickleberry called the meeting to order.

Present at Roll Call: Lori Cetlinski, Tasha L. Cowan, Kimberly Hall Wagner, Thomas Sheehan and Chairperson Nickleberry

Re: Hybrid Plan Service Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for retirement from the **COMPONENT I (HYBRID) PLAN** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Angel L. Cancel – General Auto Mechanic – General Services
SERVICE CREDIT	03-11
EFFECTIVE DATE	09-13-18
NAME, TITLE, DEPARTMENT	Carl M. Daggs – Plaint Maint Foreman – Water & Sewerage
SERVICE CREDIT	01-05
EFFECTIVE DATE	10-01-18
NAME, TITLE, DEPARTMENT	James A. Doetsch – Plumbing Inspector – Building & Safety
SERVICE CREDIT	04-03
EFFECTIVE DATE	09-25-18
NAME, TITLE, DEPARTMENT	Carita Mackie-Poole – Emer Serv Op – Police (Civilian)
SERVICE CREDIT	04-01
EFFECTIVE DATE	09-14-18
NAME, TITLE, DEPARTMENT	Charles K. Ward – Paramedic – Fire (Civilian)
SERVICE CREDIT	04-03
EFFECTIVE DATE	10-10-18

Yea: Cetlinski, Cowan, Hall-Wagner, Sheehan and Chairperson Nickleberry– 5

Nays: None

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT
Re: Legacy Plan Service Retirement(s)

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Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for retirement from the **COMPONENT II (LEGACY) PLAN** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Robert R. Davis – Water System Mechanic – Water & Sewerage
SERVICE CREDIT	19-03
EFFECTIVE DATE	09-13-18
NAME, TITLE, DEPARTMENT	James A. Doetsch – Plumbing Inspector – Building & Safety
SERVICE CREDIT	14-06
EFFECTIVE DATE	09-25-18
NAME, TITLE, DEPARTMENT	Carita Mackie-Poole – Emer Serv Op – Police (Civilian)
SERVICE CREDIT	26-06
EFFECTIVE DATE	09-14-18
NAME, TITLE, DEPARTMENT	Shawn Randall – Sr. Building Attendant – General Services
SERVICE CREDIT	28-01
EFFECTIVE DATE	10-02-18
NAME, TITLE, DEPARTMENT	Mattie M. Townsend – TEO - Transportation
SERVICE CREDIT	13-09
EFFECTIVE DATE	08-09-18
NAME, TITLE, DEPARTMENT	Charles K. Ward – Paramedic – Fire (Civilian)
SERVICE CREDIT	20-11
EFFECTIVE DATE	10-10-18

Yea: Cetlinski, Cowan, Hall-Wagner, Sheehan and Chairperson Nickleberry– 5

Nay: None

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT
Re: AUTO-II Spouse

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Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for **AUTO-II Spouse Benefits** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Felicia Walker (Roger Walker – Deceased) – Instr Public Works Equip - DPW
SERVICE CREDIT	19-00
EFFECTIVE DATE	08-21-18

Yea: Cetlinski, Cowan, Hall-Wagner, Sheehan and Chairperson Nickleberry– 5

Nay: None

Re: Early Retirement(s)

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for **EARLY RETIREMENT** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Dennene Diane Marshall – Office Assistant II - DPW
SERVICE CREDIT	22-08
EFFECTIVE DATE	09-14-18

Yea: Cetlinski, Cowan, Hall-Wagner, Sheehan and Chairperson Nickleberry– 5

Nay: None

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT
Re: Legacy Plan Vested Retirement(s)

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Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for **VESTED RETIREMENT** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Carl M. Daggs – Plant Maint Foreman – Water & Sewerage
SERVICE CREDIT	17-01
EFFECTIVE DATE	10-01-18
NAME, TITLE, DEPARTMENT	Linda D. Morrow – Librarian III - Library
SERVICE CREDIT	13-04
EFFECTIVE DATE	08-01-18
NAME, TITLE, DEPARTMENT	Ronald Thomas – Plant Maint Mechanic – Water & Sewerage
SERVICE CREDIT	21-03
EFFECTIVE DATE	11-01-18
NAME, TITLE, DEPARTMENT	James W. Zimmerman – Paramedic – Fire (Civilian)
SERVICE CREDIT	14-00
EFFECTIVE DATE	08-01-18

Yea: Cetlinski, Cowan, Hall-Wagner, Sheehan and Chairperson Nickleberry– 5

Nay: None

Re: Change of Computation(s)

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for **CHANGE OF COMPUTATION** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Virdia D. Fox – TEO - Transportation
SERVICE CREDIT	12-00
EFFECTIVE DATE	09-03-18

NAME, TITLE, DEPARTMENT	Linda Riley – TEO - Transportation
SERVICE CREDIT	14-04
EFFECTIVE DATE	09-19-18

Yea: Cetlinski, Cowan, Hall-Wagner, Sheehan and Chairperson Nickleberry– 5

Nay: None

Re: Rate Change(s)

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the application(s) for **RATE CHANGE** as outlined below be hereby APPROVED:

NAME, TITLE, DEPARTMENT	Beth C. Miller – Sr. Asoc CV Eng-Field – DPW
SERVICE CREDIT	16-00
EFFECTIVE DATE	09-01-11

Yea: Cetlinski, Cowan, Hall-Wagner, Sheehan and Chairperson Nickleberry– 5

Nay: None

➤ ***Trustee Crystal Perkins entered the Boardroom at 10:09 a.m.***

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT

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RECEIPTS: The Board received the following receipts for Acknowledgment:

Cash Receipts
RSCD-General Start Date: 9/17/2018
 End Date: 10/1/2018

HYBLIQRES

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
9/21/2018	CA	Cash Entry	001206	Employee Annuity After Tax 9/21/18	R/C	74,343.33
9/21/2018	CA	Cash Entry	001207	Employee Mandatory Pre-tax Pension	R/C	109,791.67
9/28/2018	CA	Cash Entry		Employee Mandatory Pre-tax Pension	R/C	262,187.49
9/28/2018	CA	Cash Entry		Employee Mandatory Pre-tax Pension	R/C	150,906.33
						<u>597,228.82</u>

Cash Receipts
RSCD-General Start Date: 9/17/2018
 End Date: 10/1/2018

LIQ RESERV

Doc. Date	Module	Tran. Type	Doc. Nbr.	Description	R/C	Receipt
9/20/2018	CA	Cash Entry	001205	Loan Deduction Program 9/14/18(\$33,1	R/C	33,127.87
						<u>33,127.87</u>

Total Receipts 630,356.69

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT
Re: Fees and Expenses

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Resolution Moved By: Trustee Sheehan- Supported By: Trustee Cowan

WHEREAS, the Board has been presented with the List of Disbursements for Board Approval which is referenced below requesting payment for Fees and Expenses, and

WHEREAS, the Board has been requested to approve payment of said Fees and Expenses; **THEREFORE BE IT**

RESOLVED, that subject to staff audit and approval of all Legal Fees by the Board's General Counsel, the Board **APPROVE** payment of the following Fees and Expenses:

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Date: 10/1/2018 9:54 AM

Disbursements

Account	Payment Method	Currency	
F ACCT PAY	ACH	US	
Vendor Name			
500 WEBWARD LLC	911056	Electrical Billing: 8/31/18-9/27/18, Meter #16055044	558.31
500 WEBWARD LLC	911057	Electrical Billing: 8/31/18-9/27/18, Meter #16055070	761.18
8x8, INC.	2227951	Phone System Services	1,357.26
COMVEST CAPITAL IV LP	092518	Capital Call	2,385,975.00
CRESTWOOD ASSOCIATES L.L.C.	INV037702	Acumatica Training & Implementation	100.00
Landmark Equity Partners XV, LP	092518	Capital Call	56,342.00
PLANTE & MORAN	1577693	GASB 68 Schedules Audit through August 28, 2018	4,095.00
PLANTE & MORAN	1577694	Financial Statement Audit for the Year-Ended June 30,	26,425.00
ULTIMATE PARKING MANAGEMENT LLC	173145	Parking - October 2018	2,222.00
<u>Cash Account/Payment Method Total:</u>			<u>9 Documents</u>
			<u>2,477,835.75</u>
F ACCT PAY CHECK US			
Vendor Name			
ACCIDENT FUND INSURANCE CO. OF AMERICA	092018	Workers Comp Premium	891.00
CINTAS CORPORATION-300	300316294	Floor Mats	110.01
COMCAST	091718	High Speed Internet	182.83
NEPC, LLC	3M18391	Expenses - 1st Qtr '18	1,460.55
NEPC, LLC	1Q18391	Management Fees - 1st Qtr '18	75,000.00
NEPC, LLC	3Q18391	Management Fees - 3rd Qtr '18	125,000.00
OFFICE DEPOT	195192470001	Office Supplies	30.98
QUILL CORPORATION	1141095	Office Supplies	366.89
QUILL CORPORATION	1146395	Office Supplies	16.99
RACINE & ASSOCIATES	12372	DGRS v. Gracia - August 2018	7,313.26
THOMAS SHEEHAN	091918TS	Trustee Parking	91.00
<u>Cash Account/Payment Method Total:</u>			<u>11 Documents</u>
			<u>210,463.51</u>

* Payment amount is estimated based on the effective date 10/1/2018

Yea: Cetlinski, Cowan, Hall-Wagner, Perkins, Sheehan and Chairperson Nickleberry– 6

Nay: None

Re: Refunds of Accumulated Contributions

Resolution Moved By: Trustee Cowan- Supported By: Trustee Sheehan

RESOLVED, that the contributions to the Annuity Savings Fund by members of the General Retirement System, as set forth:

List No. 7380 - \$470,110.91

List No. 7381 - \$24,664.68

Including interest, be **REFUNDED**, pending audit by the Retirement Systems' Accounting Staff.

Yea: Cetlinski, Cowan, Hall-Wagner, Perkins, Sheehan and Chairperson Nickleberry– 6

Nay: None

Re: Employee Loan Program September 26, 2018

Resolution Moved By: Trustee Cowan- Supported By: Trustee Sheehan

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of: **\$19,287.00** including interest, be hereby **APPROVED**.

Yea: Cetlinski, Cowan, Hall-Wagner, Perkins, Sheehan and Chairperson Nickleberry– 6

Nay: None

Re: Employee Loan Program October 03, 2018

Resolution Moved By: Trustee Cowan- Supported By: Trustee Sheehan

RESOLVED, that the disbursements for the Employee Loan Program by members of the General Retirement System, as set forth in the amount of: **\$27,126.00** including interest, be hereby **APPROVED**.

Yea: Cetlinski, Cowan, Hall-Wagner, Perkins, Sheehan and Chairperson Nickleberry– 6

Nay: None

Re: Minutes/Journal No. 4217 – (09/05/18)

Motion By: Trustee Sheehan - Supported By: Trustee Hall-Wagner

RESOLVED, that the Minutes/Journal of Proceedings of the General Retirement System of the City of Detroit, of Meeting **No. 4217**, held on **September 05, 2018**, be hereby **APPROVED** as recorded and submitted.

Yea: Cetlinski, Cowan, Hall-Wagner, Perkins, Sheehan and Chairperson Nickleberry– 6

Nay: None

ASSISTANT EXECUTIVE DIRECTOR'S REPORT

Assistant Executive Director, **Gail A. Oxendine**, addressed the following with the Board of Trustees:

- Medical Director Request for Proposal
 - Occupational Health Partners was selected by the Police and Fire Board
- Member updates
 - Angelia Dukes-Robinson; after staff review, it was found that Mrs. Dukes-Robinson is not entitled to benefits. Her Judgement of Divorce terminated her rights as a beneficiary.
 - William D. Sparks; Mr. Spark's concern is still being reviewed.
- Departmental Newsletter launch is tentatively scheduled for 11/1/2018.

Re: Medical Director Selection/ Occupational Health Providers

By Trustee Sheehan – Supported by Trustee Cetlinski

WHEREAS, the Board of Trustees is in receipt of a copy of an RFP (Request for Proposal) from candidates for Medical Director consistent with the needs and best practices of the General Retirement System and the Police and Fire Retirement Systems and

WHEREAS, the Board has discussed this matter, **THEREFORE BE IT**

RESOLVED, that The General City Board of Trustees selects Occupational Health System and work with General Counsel for appropriate contract, and **BE IT FURTHER**

RESOLVED, that a copy of this Resolution be forwarded to the Police and Fire Retirement System Board of Trustees.

Yea: Cetlinski, Cowan, Hall-Wagner, Perkins, Sheehan and Chairperson Nickleberry– 6

Nay: None

EXECUTIVE DIRECTOR'S REPORT

Executive Director, **David Cetlinski**, addressed the following with the Board of Trustees:

- Paylocity System Updates
- GO Green Initiative
- Retirement Systems Website Integration

➤ ***Trustee Christa Mclellan and Trustee John Naglick entered the Boardroom at 10:09 a.m.***

- Pay card update
- Joint Personnel Committee discussion

➤ ***Trustee Scott Benson entered the Boardroom at 10:11 a.m.***

- The Deputy Chief Accounting Officer job posting is being revised and will be re-listed as the original two candidates have taken positions elsewhere.
- Claw back Status is scheduled to tentatively begin February 2019
- Gabriel Roeder update; status on actuarial reports with respect to the Death Benefit Plan, VEBA's and the audit completion.

➤ ***Trustee Wendell Anthony entered the Boardroom at 10:18 a.m.***

Open Forum

Chairperson Nickleberry opened the meeting for public discussion:

Retiree Andrew Daniels addressed the Board regarding the following:

- Pension payment deductions

➤ ***Trustee Crystal Perkins excused herself from the Boardroom at 10:44 a.m.***

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT
GENERAL COUNSEL'S REPORT

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OCTOBER 03, 2018

General Counsel Michael VanOverbeke, in addition to his legal report, discussed the following matters with the Board:

- **Open the Books FOIA Request**
 - The Retirement System received a FOIA request from Paul Nachman of Open the Books related to information regarding the Retirement System's records related to all active employees, their pensionable wages and their employers.
- Public Act 202 of 2017- Uniform Actuarial Assumptions Updated
- Hubert Draw update
- Gateway update
- Non-Duplication of Benefits Clause
 - General Counsel will further opine on this issue at the next Board meeting on 10/24/2018.

➤ ***Trustee Scott Benson excused himself from the Boardroom at 11:04 a.m.***

- Ross Franklin update

➤ ***Trustee Christa McLellan excused herself from the Boardroom at 11:11 a.m.***

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT
INVESTMENT REPORT

MEETING NO. 4219
OCTOBER 03, 2018

The following are recommendations from Investment Staff and the Investment Committee:

Motion by: Trustee Sheehan– Supported by Trustee Hall-Wagner motion to approve “Mix A” as recommended by the Chief Investment Officer and NEPC as follows:

ASSET ALLOCATION RECOMMENDATION

	Policy Target	Mix A
Cash	1%	1%
Large Cap Equities	16%	16%
Small/Mid Cap Equities	4%	4%
Int'l Equities (Unhedged)	14%	14%
Int'l Sm Cap Equities (Unhedged)	3%	3%
Emerging Int'l Equities	6%	6%
Private Equity	8%	8%
Total Equity	51%	51%
Global Multi-Sector Fixed Income	6%	6%
Absolute Return Fixed Income	4%	4%
Credit Opportunities	9%	10%
Total Fixed Income	19%	20%
Real Assets	5%	5%
Core Real Estate	10%	10%
Total Real Assets	15%	15%
Risk Parity	5%	0%
Diversifying Strategies	4%	8%
Hedge Funds	5%	5%
Total Other	14%	13%
Expected Return 5-7 yrs	6.49%	6.49%
Expected Return 30 yrs	7.67%	7.62%
Standard Dev	12.71%	12.56%
Sharpe Ratio (5-7 years)	0.35	0.36
Sharpe Ratio (30 years)	0.39	0.39

- The column titled “Policy Target” is the current policy target approved by the IC
- The column titled “Mix A” is the new target being recommended by NEPC and GRSD investment staff
- Relative to the “Policy Target, “Mix A”:
 - Eliminates risk parity
 - Increases credit opportunities by 1%
 - Increases diversifying strategies by 4%
- Relative to the “Policy Target”, “Mix A’s”:
 - Expected rate of return
 - Remains constant over the 5-7 year period
 - Slightly decreases from 7.67% to 7.62% over the 30 year period
 - Standard deviation
 - Improves from 12.71% to 12.56%
 - Sharpe ratio (30 year)
 - Remains constant

Note: Diversifying strategies is modeled as 1/3 each:
TIPS, hedge fund long/short, and hedge fund macro.



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and to use AQR Risk Parity as a funding source as new allocations to credit opportunities and diversifying strategies are identified/approved. The motion passed by vote as follows:

Yea: Anthony, Cetlinski, Cowan, Hall-Wagner, Naglick, Sheehan
and Chairperson Nickleberry– 7

Nay: None

- ***Trustee Christa Mclellan returned the Boardroom at 11:14 a.m.***
- ***Trustee Scott Benson returned to the Boardroom at 11:16 a.m.***

Motion by: Trustee Sheehan– Supported by Trustee Cowan motion to approve the private equity pacing plan for a \$50 million allocation for vintage year 2018. The motion passed by vote as follows:

Yea: Anthony, Benson, Cetlinski, Cowan, Hall-Wagner, Mclellan, Naglick, Sheehan and Chairperson Nickleberry– 9

Nay: None

Motion by: Trustee Sheehan– Supported by Trustee Cetlinski motion to approve and authorize Investment Staff to liquidate the risk parity program (AQR Delta) when it is determined that funds are needed elsewhere for future investment strategies. The motion passed by vote as follows:

Yea: Anthony, Benson, Cetlinski, Cowan, Hall-Wagner, Mclellan, Naglick, Sheehan and Chairperson Nickleberry– 9

Nay: None

Motion by: Trustee Sheehan– Supported by Trustee Cetlinski motion to approve the amendment of the consulting agreement with Townsend Consultants with a revised rate of \$114,000.00. The motion passed by vote as follows:

Yea: Anthony, Benson, Cetlinski, Cowan, Hall-Wagner, Mclellan, Naglick, Sheehan and Chairperson Nickleberry– 9

Nay: None

GENERAL RETIREMENT SYSTEM
CITY OF DETROIT
NEW BUSINESS/OLD BUSINESS

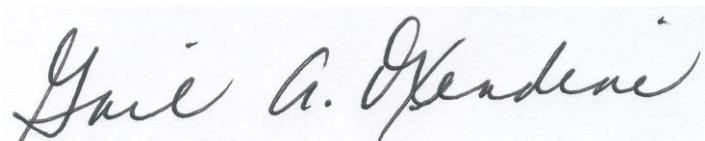
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- Trustee Sheehan requested the Retirement Systems organizational chart, the salary of all employees, as well as the rate history for all Investment Staff.

ADJOURNMENT

There being no further business before the Board, **Chairperson Nickleberry** adjourned the meeting at 11:25 a.m. The Board's next meeting is scheduled for **Wednesday, October 24th, 2018**, at 10:00 a.m. in the Retirement System's Conference Room, 500 Woodward Avenue Suite 3000; Detroit, Michigan 48226.

RESPECTFULLY SUBMITTED,



GAIL A. OXENDINE, ASSISTANT EXECUTIVE DIRECTOR